

**MINUTES OF THE
UTAH TAX REVIEW COMMISSION**

Thursday, May 13, 2010 – 1:30 p.m. – Room 445 State Capitol

Members Present:

Mr. M. Keith Prescott, Chair
Mr. David Crapo, Vice Chair
Sen. J. Stuart Adams
Mr. Mark K. Buchi
Rep. John Dougall
Ms. Janis A. Dubno
Sen. Brent Goodfellow
Sen. Lyle W. Hillyard
Ms. Kathleen Howell
Comm. Bruce Johnson
Rep. Christine A. Johnson
Rep. Todd E. Kiser

Members Absent:

Mr. Lawrence R. Barusch
Mr. Bruce Jones
Mr. Dixie Leavitt
Mr. Lawrence C. Walters

Staff Present:

Mr. Phillip V. Dean, Policy Analyst
Mr. Leif G. Elder, Policy Analyst
Mr. Bryant R. Howe, Assistant Director
Mr. Robert H. Rees, Associate General Counsel
Ms. Rebecca L. Rockwell, Associate General Counsel
Ms. Chelsea Barrett, Legislative Secretary

Note: A list of others present, a copy of related materials, and an audio recording of the meeting can be found at www.le.utah.gov.

1. TRC Business

Chair Prescott called the meeting to order at 1:32 p.m.

MOTION: Vice Chair Crapo moved to approve the minutes of the November 12, 2009 meeting. The motion passed unanimously. Rep. Johnson was absent for the vote.

2. Review of Tax Related Legislation Enacted During the 2010 General Session -- Robert H. Rees, Associate General Counsel and Rebecca L. Rockwell, Associate General Counsel

Ms. Rockwell distributed and explained "2010 Revenue and Taxation Enrolled Legislation Highlights." She briefly reviewed selected enrolled legislation pertaining to incomes taxes, sales and use taxes, and other miscellaneous legislation relevant to revenue and taxation.

Mr. Rees reviewed the property tax enrolled legislation from the 2010 General Session. He explained that enacted legislation did not significantly change the state's property tax system.

3. Review of Possible Study Items for the 2010 Interim

Mr. Howe reviewed a letter to the TRC from the House Revenue and Taxation Standing Committee ("committee"). The letter requested the TRC to study 2010 General Session H.B. 148, "Sales and Use Tax Changes," sponsored by Rep. Wayne Harper. He explained that the committee unanimously voted to ask the TRC to provide input on sales and use tax rate issues the bill raises.

Comm. Johnson and Mr. Buchi encouraged the TRC to consider studying the definition of residency under the state income taxes. Specifically, they requested the TRC to study issues related to domicile.

Sen. Hillyard requested the TRC study 2010 General Session S.B. 27, "Sales and Use Tax Definition of Tangible Personal Property."

Comm. Johnson requested that the TRC study the definition of business income.

Rep. Kiser requested to study the application of the property tax residential exemption to parcels of property that are larger than one acre for purposes of state income taxes.

Sen. Hillyard requested the TRC to study state inheritance taxes in light of the potential for reinvestment of and changes to federal estate taxes.

Mr. Buchi requested the TRC study police funding for unincorporated counties.

Comm. Johnson requested the TRC study the sales and use taxation of sales through vending machines.

Sen. Adams requested that the TRC study school property tax equalization.

Sen. Goodfellow requested that the TRC study property tax uniform fees on motorcycles.

MOTION: Sen Hillyard moved to have the TRC chairs review the study items discussed in the meeting and to come back to the TRC with a prioritized list of study items. The motion passed unanimously.

4. Sales and Use Tax

Mr. Dean presented "Utah's Sales & Use Tax: Issues and Options." He outlined the background, revenues, state and local taxes, and other significant earmarks in fiscal year 2009 related to sales and use taxes.

Mr. Howe addressed sales and use tax rates in Utah. He outlined comparisons involving several counties, cities, and towns sales. He explained how Utah ranks compared to other states that impose state and local taxes, spoke to Utah's ranking on a national scale, and explained perceived tax burdens from selected Utah taxes.

5. Other Items / Adjourn

The TRC decided to generally hold its meetings for the 2010 interim on the second Thursday of each month.

MOTION: Chair Prescott moved to adjourn the meeting. The motion passed unanimously.

Chair Prescott adjourned the meeting at 3:17 p.m.